

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 EA-07 NEA-10 IO-13 ISO-00 EURE-00

FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-10

SIL-01 /139 W

-----073579 151933Z /42

P 151819Z JUL 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 0889

INFO USMISSION GENEVA PRIORITY

AMEMBASSY CAIRO

AMEMBASSY BOGOTA

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

AMEMBASSY KUALA LUMPUR

AMEMBASSY RABAT

AMEMBASSY ISLAMABAD

AMEMBASSY TUNIS

AMEMBASSY ANKARA

ALL EC CAPITALS

AMEMBASSY ATHENS

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 08154

USEEC

E.O.11652:N/A

TAGS: ETRD, EEC

SUBJECT: EC ACTION TO RESTRICT TEXTILE IMPORTS

REFS: (A) BRUSSELS 6918 NOTAL; (B) BRUSSELS 7160 NOTAL

(C) PARIS 18532 NOTAL

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1. COMMISSION CONTINUES TO SEEK A COMMUNITY SOLUTION TO THE PROBLEM OF RESTRICTING IMPORTS OF VARIOUS TEXTILE PRODUCTS IN WAKE OF FRENCH ANNOUNCEMENT JUNE 18 THAT IT WOULD ACT UNDER GATT ARTICLE XIX. AS REPORTED EARLIER, CONSULTATIONS WITH MEMBER STATES PRODUCED REQUESTS FOR LIMITATIONS FROM OTHER EC MEMBERS, NOTABLY UK, BENELUX, GERMANY AND DENMARK. ON JULY 6, THE COMMISSION ANNOUNCED

THAT IT WAS BEGINNING AN URGENT SERIES OF CONSULTATIONS WITH VARIOUS ASSOCIATED STATES, INCLUDING MOROCCO, TUNISIA, TURKEY AND SPAIN. THE COMMISSION ALSO ANNOUNCED ON JULY 6 THAT IT WOULD SEEK TO STABILIZE IMPORTS IN FOUR TEXTILE PRODUCTS: COTTON YARN, T-SHIRTS AND RELATED ITEMS, WOMEN'S SHIRTS AND BLOUSES, AND MEN'S SHIRTS.

2. ON JULY 13, THE COMMISSION ANNOUNCED THAT IT HAD ADOPTED ON JULY 12 A REGULATION WHICH WOULD IMPOSE QUOTAS ON THESE PRODUCTS TO COVER THE SECOND HALF OF 1977 AND ALSO RELEASED A PROPOSAL TO THE EC COUNCIL REQUESTING ENDORSEMENT OF THE COMMISSION REGULATION WITHIN THE NEXT SIX WEEKS.

3. THE FULL TEXT OF THESE COMMUNITY DOCUMENTS ARE BEING FORWARDED TO EB - JOEL SPIRO AND US MISSION GENEVA - HARRY PHELAN. QUOTAS FOR COTTON YARN WILL BE APPLIED TO EGYPT, COLOMBIA, SPAIN AND INDIA. T-SHIRT QUOTAS AFFECT SPAIN, MALAYSIA, MOROCCO, PAKISTAN, TUNISIA, AND TURKEY. QUOTAS FOR WOMEN'S SHIRTS AND BLOUSES WILL APPLY TO TURKEY. MEN'S SHIRTS QUOTAS APPLY TO MOROCCO AND TUNISIA. THE COMMISSION'S STATED AIM IS TO HOLD 1977 IMPORTS TO THE LEVEL OF 1976. EXCEPT WHERE DATA WAS NOT AVAILABLE, QUOTAS FOR THE SECOND HALF OF 1977 ARE FIXED AT 50 PERCENT OF TOTAL LIMITED OFFICIAL USE

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IMPORTS FOR 1976. THE COMMISSION REGULATION IS EXPECTED TO BE PUBLISHED ALMOST IMMEDIATELY AND TO TAKE EFFECT ON OR ABOUT JULY 15.

4. COMMISSION SOURCES MAKE CLEAR THAT THEY WERE RELUCTANT TO TAKE ACTION ON THESE PRODUCTS, AS MOST OF THE AFFECTED EXPORTING COUNTRIES ARE ASSOCIATED STATES WITH WHOM THE EC HAS BEEN ATTEMPTING TO DEVELOP A CLOSE POLITICAL AND ECONOMIC RELATIONSHIP. THEY ACTED BECAUSE THE FRENCH UNILATERAL MOVE REPRESENTED A CHALLENGE TO COMMISSION CONTROL OVER EC COMMERCIAL POLICY. COMMISSION OFFICIALS EXPLAINED, HOWEVER, THAT ALMOST ALL THESE ASSOCIATION AGREEMENTS PROVIDE EITHER SAFEGUARD CLAUSES OR CONSULTATION CLAUSES ENABLING THE COMMISSION TO SEEK RELIEF FOR A MEMBER STATE IN THE FACE OF MARKET DISRUPTION. THEY CLAIM THAT, ALTHOUGH THE CIRCUMSTANCES AND PUBLICITY CONCERNING THE PRESENT ACTION ON TEXTILES IS UNIQUE, THE PROCEDURE IS NOT SO UNUSUAL. IN THE CASE OF GREECE, WHOSE AGREEMENT DOES NOT PROVIDE FOR SAFEGUARD ACTION, THE COMMISSION HAS ASKED THE GREEKS TO EXERCISE SELF RESTRAINT ON SENSITIVE PRODUCTS AND HAS PROVIDED A CLEAR NUMERICAL FIGURE WHICH

THEY HOPE THE GREEKS WILL NOT EXCEED. SEVERAL OTHER ASSOCIATED STATES SUCH AS CYPRUS, MALTA AND ISRAEL ARE NOT COVERED BY THE PRESENT COMMISSION REGULATION BUT HAVE BEEN WARNED THEIR TEXTILE EXPORTS ARE APPROACHING THE LIMIT OF ACCEPTABILITY.

5. A COMMISSION SOURCE INFORMS US THAT DURING THE COURSE OF CONSULTATIONS WITH MEMBER STATES ON JUNE 20, 21, AND 29, ALL MEMBER STATES BUT THE IRISH SOUGHT TO BENEFIT FROM THE IMPENDING COMMUNITY RESTRICTIONS. IRELAND WOULD HAVE DONE SO AS WELL BUT IT HAS POOR STATISTICS AND MUCH OF ITS IMPORT PROBLEM DERIVES FROM RE-EXPORT, UNDER FALSE LABEL, FROM THE UK. THIS SOURCE CONFIRMED PRESS REPORTS THAT NORTH AFRICANS, IN LIMITED OFFICIAL USE

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PARTICULAR, ARE IRATE OVER EC ACTION POINTING TO THEIR

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SIL-01 /139 W

-----073607 151935Z /40

P 151819Z JUL 77

FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 0890
INFO USMISSION GENEVA PRIORITY
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USEEC

LARGE TRADE DEFICIT WITH FRANCE.

6. IT IS NOT YET CLEAR THAT THE COMMISSION REGULATION
WILL SATISFY FRENCH DEMANDS AND RESULT IN REMOVAL OF
THE FRENCH ADMINISTRATIVE VISA REQUIREMENT (REF C).
WE UNDERSTAND THAT SINCE IMPOSITION OF THE VISA REQUIRE-
MENT ON JUNE 23, FRENCH CUSTOMS HAVE CLEARED NO SHIPMENTS
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OF AFFECTED PRODUCTS FROM LDC EXPORTERS.

7. COMMISSION INFORMS US THAT A SECOND ROUND OF CON-
SULTATIONS WITH MEMBER STATES WILL BEGIN "ON A LESS
URGENT BASIS" DURING THE WEEK OF JULY 20 AND AT THE
REQUEST OF THE FRENCH. FRANCE HAS ASKED THAT IMPORTS
OF DRESSES AND SKIRTS, MEN'S SUITS, AND COTTON CLOTH
FROM VARIOUS COUNTRIES, ALL OF WHICH ARE NON-PARTICIPANTS
IN THE MULTIFIBER AGREEMENT BE RESTRICTED. AS WITH THE
PREVIOUS EXERCISE, IT WILL BE DIFFICULT FOR THE
COMMISSION TO FEND OFF REQUESTS FROM OTHER MEMBER
STATES IN THESE CATEGORIES.

8. ALTHOUGH THE COMMISSION HAS ASKED FOR THE ADOPTION
OF A COUNCIL REGULATION WITHIN SIX WEEKS, THE PRACTICAL
EFFECT IS THAT THE QUESTION WILL NEED TO BE RESOLVED
BEFORE THE END OF JULY. NO COUNCILS ARE SCHEDULED
DURING THE MONTH OF AUGUST. HINTON

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